

State Fair of Louisiana

FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011



State Fair of Louisiana

FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

State Fair of Louisiana

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Summary of Accounting Policies	8-10
Notes to Financial Statements	11-19
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	20-21
Schedule of Findings	22
Schedule of Prior Year Findings	23

Independent Auditor's Report

The Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

I have audited the accompanying financial statements of State Fair of Louisiana, which comprise the statements of financial position for the years ended December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and summary of significant accounting policies and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State Fair of Louisiana as of December 31, 2012 and 2011, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with *Government Auditing Standards*, I have also issued my report dated April 19, 2013, on my consideration of State Fair of Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of my audit.

Jane K. McEllis, CPA LLC

Certified Public Accountant

Shreveport, Louisiana
April 19, 2013

<i>December 31,</i>	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Assets						
Current assets:						
Cash (Notes 1 and 7)	\$ 936,835	\$ -	\$ 936,835	\$ 760,570	\$ -	\$ 760,570
Short-term investments (Note 5)	200,000	-	200,000	306,192	-	306,192
Accounts receivable	93,590	-	93,590	75,461	-	75,461
Prepaid expenses and other	60,433	-	60,433	42,070	-	42,070
Total current assets	1,290,858	-	1,290,858	1,184,293	-	1,184,293
Property and equipment, net (Note 2)	1,817,009	-	1,817,009	2,030,134	-	2,030,134
Reserve fund investments (Notes 4 and 5)	-	700,000	700,000	-	700,000	700,000
	\$3,107,867	\$700,000	\$3,807,867	\$3,214,427	\$700,000	\$3,914,427

State Fair of Louisiana

Statements of Financial Position

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued expenses	\$ 149,384	\$ -	\$ 149,384	\$ 108,166	\$ -	\$ 108,166
Current portion of accrued pension liability (Note 3)	138,000	-	138,000	-	-	-
Deferred income	128,206	-	128,206	39,150	-	39,150
Total current liabilities	415,590	-	415,590	147,316	-	147,316
Accrued pension liability (Note 3)	-	-	-	309,000	-	309,000
Total liabilities	415,590	-	415,590	456,316	-	456,316
Commitments and contingencies						
(Note 6)						
Net Assets:						
Unrestricted	2,692,277	-	2,692,277	2,758,111	-	2,758,111
Temporarily restricted (Note 4)	-	700,000	700,000	-	700,000	700,000
Total net assets	2,692,277	700,000	3,392,277	2,758,111	700,000	3,458,111
	\$3,107,867	\$700,000	\$3,807,867	\$3,214,427	\$700,000	\$3,914,427

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana

Statements of Activities

Years Ended December 31,	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Fair	\$2,484,034	\$ -	\$2,484,034	\$2,280,402	\$ -	\$2,280,402
Off-season	777,238	-	777,238	711,377	-	711,377
Investment income	15,374	-	15,374	20,986	-	20,986
Other	99	-	99	1,695	-	1,695
Total revenue	3,276,745	-	3,276,745	3,014,460	-	3,014,460
Expenses:						
Fair	1,724,263	-	1,724,263	1,745,174	-	1,745,174
Off-season	1,554,191	-	1,554,191	1,416,596	-	1,416,596
Depreciation and Amortization	213,125	-	213,125	243,360	-	243,360
Total expenses	3,491,579	-	3,491,579	3,405,130	-	3,405,130
(Decrease) in net assets from operating activities	(214,834)	-	(214,834)	(390,670)	-	(390,670)
Pension-related changes other than net periodic pension cost	149,000	-	149,000	(142,000)	-	(142,000)
(Decrease) in net assets	(65,834)	-	(65,834)	(532,670)	-	(532,670)
Net assets, beginning of year	2,758,111	700,000	3,458,111	3,290,781	700,000	3,990,781
Net assets, end of year	\$2,692,277	\$700,000	\$3,392,277	\$2,758,111	\$700,000	\$3,458,111

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana

Statements of Cash Flows

Years Ended December 31,	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Cash Flows From Operating Activities:						
(Decrease) in net assets	\$ (214,834)	\$ -	\$ (214,834)	\$ (390,670)	\$ -	\$ (390,670)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:						
Depreciation and amortization	213,125	-	213,125	243,360	-	243,360
Provision for doubtful accounts	(7,121)	-	(7,121)	1,178	-	1,178
Gain on sale of equipment	-	-	-	(500)	-	(500)
Noncash change in pension liability	(22,000)	-	(22,000)	4,000	-	4,000
Change in operating assets and liabilities:						
Accounts receivable	(11,008)	-	(11,008)	(21,898)	-	(21,898)
Prepaid expenses and other	(18,363)	-	(18,363)	1,257	-	1,257
Accounts payable and accrued expenses	41,218	-	41,218	(65,289)	-	(65,289)
Deferred income	89,056	-	89,056	(25,943)	-	(25,943)
Net cash provided (used) by operating activities	70,073	-	70,073	(254,505)	-	(254,505)
Cash Flows From Investing Activities:						
Expenditures for buildings equipment and improvements	-	-	-	(148,195)	-	(148,195)
Proceeds from sale of equipment	-	-	-	500	-	500
Proceeds from redemption of investments	106,192	-	106,192	98,466	-	98,466
Net cash provided (used) by investing activities	106,192	-	106,192	(49,229)	-	(49,229)
Net increase (decrease) in cash	176,265	-	176,265	(303,734)	-	(303,734)
Cash, at beginning of year	760,570	-	760,570	1,064,304	-	1,064,304
Cash, at end of year	\$ 936,835	\$ -	\$ 936,835	\$ 760,570	\$ -	\$ 760,570

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana

Summary of Accounting Policies

Business

The State Fair of Louisiana (the Fair) is a nonprofit corporation organized under the laws of the State of Louisiana on a nonstock basis having one class of member. The objects and purposes for which this nonprofit corporation is formed and exists are declared to be the maintenance in the Parish of Caddo, State of Louisiana, of public fairs, expositions and exhibitions of stock and farm products, and for the encouragement of agricultural and horticultural pursuits, and in all ways to promote the various industries of the State of Louisiana and the welfare of its citizens.

Substantially all of the Fair's revenue is from the sale of admissions to Fair sponsored events and exhibitions as well as the rental of its buildings for events promoted by others. Accordingly, the Fair is heavily dependent on the local community and the health of the local economy in which it operates.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include the depreciable life of assets and the pension liability.

Property and Equipment

Buildings and equipment are carried at cost and depreciated over their estimated useful lives on the straight-line method. Major additions are capitalized and depreciated; maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

Reserve Fund

As provided by contract with the City of Shreveport, one-half of the net earnings of the State Fair of Louisiana shall be set aside permanently in a Reserve Fund. This allocation is to continue until the Reserve Fund shall equal \$700,000. Any sums transferred, which raise the balance above this amount, shall be used for property improvements.

State Fair of Louisiana

Summary of Accounting Policies

(Continued)

Revenue Recognition

Unrestricted contributions and grants are recognized as revenue in the period in which the donation is received or the grant is due and payable to the Fair.

The Fair reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The net change in assets of other funds are reported as offsetting revenue (expense) solely to simplify financial statement presentation. Restricted donations on which the restriction expires in the same period as the revenue is recognized are reported as unrestricted revenues.

Allowance for Doubtful Accounts

The Fair records an allowance for doubtful accounts based on specifically identified amounts believed to be uncollectible. The Fair has a limited number of customers with individually large amounts due at any given balance sheet date. Any unanticipated change in one of those customers' credit worthiness or other matters affecting collectability of amounts due from such customers could have a material effect on the Fair's results of operations in the period in which such changes or events occur. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. At December 31, 2012 and 2011, the allowance for bad doubtful accounts totaled \$50 and \$7,671 respectively.

Income Taxes

The State Fair of Louisiana is exempt from federal income tax under provisions of Section 501(c)(5) of the Internal Revenue Code of 1986 and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana.

The Fair has adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Fair's tax positions and concluded that the Fair has taken no uncertain tax positions that require adjustment to the financial statements in order to comply with the provisions of ASC 740. In addition, Management is not aware of any matters that would cause the Fair to lose its tax-exempt status.

State Fair of Louisiana

Summary of Accounting Policies

(Concluded)

Statements of Cash Flows

For purposes of the statements of cash flows, the Fair considers all cash in bank accounts and highly liquid debt instruments, not associated with the Reserve Fund, with an original or remaining maturity of three months or less, to be cash equivalents. Highly liquid debt instruments with remaining lives in excess of three months are classified as short-term investments.

Advertising

The Fair expenses advertising as it is incurred. The Fair expended approximately \$187,639 and \$211,864 in the years ended December 31, 2012 and 2011, respectively, for advertising.

Subsequent Events

Management evaluated events subsequent to the Fair's most recent year end through April 19, 2013, the date the financial statements were available for issuance.

State Fair of Louisiana

Notes to Financial Statements

1. Cash Included in cash at December 31, 2012 and 2011 are interest bearing deposits totaling \$954,167 and \$1,105,417, respectively.

2. Property and Equipment Depreciation for financial reporting purposes is provided on the straight-line method based upon the estimated useful lives of the assets as follows: buildings - 15 to 60 years; land improvements - 10 to 75 years; equipment - 5 to 20 years.

The major classifications of property and equipment for the years ended December 31, 2012 and 2011 were as follows:

	2012	2011
Buildings	\$ 6,424,569	\$ 6,424,569
Equipment	2,738,289	2,738,289
Land improvements	1,452,728	1,452,728
Land	14,500	14,500
	10,630,086	10,630,086
Less accumulated depreciation and amortization	8,813,077	8,599,952
Net property and equipment	\$ 1,817,009	\$ 2,030,134

3. Pension Plan

Defined Benefit Plan

Through April 30, 2012, the Fair sponsored a defined benefit pension plan that covered all employees who have reached the age of 21 and completed 1,000 hours of employment during their initial 12 months of employment. The plan called for benefits to be paid to eligible employees at retirement, based primarily upon years of service with the Fair and compensation rates near retirement. Contributions to the plan reflected benefits attributed to employees' services to date, as well as services expected to be earned in the future. Plan assets consist primarily of mutual funds and money market accounts.

State Fair of Louisiana

Notes to Financial Statements

(Continued)

3. Pension Plan - (continued)

The following provides a summary of the plan's funded status and amounts recognized in the Fair's financial statements at December 31, 2012 and 2011:

	2012	2011
Changes in benefit obligation:		
Benefit obligation at beginning of year	\$ 923,000	\$ 763,000
Service cost	-	38,000
Interest cost	39,000	46,000
Actuarial loss	(83,000)	100,000
Benefits paid	(27,000)	(24,000)
Benefit obligation at end of year	852,000	923,000
Changes in plan assets:		
Fair value of plan assets at beginning of year	614,000	600,000
Actual return on plan assets	81,000	(7,000)
Employer contributions	46,000	45,000
Benefits paid	(27,000)	(24,000)
Fair value of plan assets at end of year	714,000	614,000
Funded status	\$(138,000)	\$(309,000)

(Continued)

State Fair of Louisiana

Notes to Financial Statements

(Continued)

3. Pension Plan - (continued)

Items not yet recognized as a component of net periodic benefits cost which are reported as Accumulated Other Comprehensive Income as a component of fund balance are as follows:

	2012	2011
Net actuarial loss	\$166,000	\$315,000
Total	\$166,000	\$315,000

The accumulated benefit obligation for the pension plan was \$852,000 and \$790,000 as of December 31, 2012 and 2011 respectively.

Weighted-average assumptions used to determine benefit obligations at December 31:

	2012	2011
Discount rate	4.00%	5.00%
Expected long-term return on plan assets	4.00%	7.50%
Rate of compensation increase	0.00%	2.00%

Plan Assets

Pension Plan weighted-average asset allocations at December 31, 2012 and 2011, by asset category area as follows:

	2012	2011
Equity securities	39.70%	41.91%
Debt securities	53.07%	49.51%
Cash & other	7.23%	8.58%
Total	100.00%	100.00%

(Continued)

State Fair of Louisiana

Notes to Financial Statements

(Continued)

3. Pension Plan – (continued)

Over time, the Plan's investment policy is to allocate 40% to stocks and 60% to bonds. This strategy is expected to produce a reasonable rate of investment return over the long-term commensurate with an acceptable risk level. The Fair Value of Plan assets are valued based on quoted market prices in active markets of identical assets (Level 1 inputs).

Cash Flows

Contributions. State Fair of Louisiana expects to contribute \$138,000 to its pension plan in 2013 in connection with the termination of the Plan. This amount is subject to change depending on the market conditions at the date the final amount required for funding payouts, which will occur sometime in 2013 and that fluctuation could be material.

Estimated Future Benefit Payments. The following are the benefit payments expected to be made over the next ten years, if not paid out sooner:

Year	Pension Benefits
2013	\$113,000
2014	27,000
2015	27,000
2016	285,000
2017	26,000
2018-2022	298,000
Total	\$776,000

On February 15, 2012, the Fair froze the Plan effective April 30, 2012 and is in the process of finalizing its termination. As the Plan is expected to be terminated by the end of 2013, the difference between the accumulated benefit obligation and the value of Plan assets has been recorded as a current liability.

State Fair of Louisiana

Notes to Financial Statements (Continued)

3. Pension Plan - (continued)

401(k) Plan

Effective January 1, 2012, the Fair established a qualified, contributory 401(k) plan ("Plan") for all eligible employees. Eligible employees can contribute up to 90% of gross compensation, subject to such maximum annual amounts as may be allowed under the Internal Revenue Code, into the Plan. For each Safe Harbor Participant, as defined, the Fair contributes 3% of compensation. Also, the Fair may contribute a discretionary amount as determined annually by the Executive Committee. No such contributions were made in 2012. The total of the matching contributions made by the Fair in 2012 were \$11,004.

4. Reserve Fund

An agreement between State Fair of Louisiana and the City of Shreveport dated May 15, 1986, provides for the establishment of a Reserve Fund or Contingency Fund to provide for possible future losses and to maintain permanently, a sound financial condition of the State Fair of Louisiana. Any expenditure which reduces the fund below \$700,000 must be authorized by the Board of Directors and only for the purpose of covering incurred losses or for other emergency purposes.

5. Investments

Investments are as follows at December 31, 2012 and 2011:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<u>December 31, 2012</u>				
Short-term investments -				
Certificates of deposit	\$200,000	\$ -	\$ -	\$200,000
Reserve fund investments -				
Certificates of deposit	\$700,000	\$ -	\$ -	\$700,000

State Fair of Louisiana

Notes to Financial Statements (Continued)

5. Investments – (continued)

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<u>December 31, 2011</u>				
Short-term investments -				
Certificates of deposit	\$306,192	\$ -	\$ -	\$306,192
Reserve fund investments -				
Certificates of deposit	\$700,000	\$ -	\$ -	\$700,000

All investments are invested in bank certificates of deposit. Total depository insurance coverage of these certificates of deposits is \$900,000.

The following summarizes investment return and its classification in the financial statements:

	2012	2011
Interest and dividend income	\$15,374	\$20,986
	\$15,374	\$20,986

6. Commitments and Contingencies

From time to time, in the normal course of business, the Fair is involved in various matters of litigation. Management does not believe the ultimate outcome of any such matters will be material to the financial statements of the Fair.

An attendee at the 2011 State Fair of Louisiana was injured on a ride operated by Lowrey Carnival Company. Subsequently, the Fair was named as a defendant in an action in the First Judicial District Court, Caddo Parish, Louisiana (the "Case"). On May 30, 2012, the Court dismissed claims against the Fair for "vicarious liability of the State Fair for the actions of Lowery Carnival Company" but ordered that all other claims against the Fair remain pending. A motion is pending to dismiss all other claims against the Fair.

The Fair is being represented by its insurance company in the Case and management expects that the Fair will ultimately prevail in this matter.

State Fair of Louisiana

Notes to Financial Statements

(Continued)

**7. Supplemental
Cash Flows
Information**

At December 31, 2012, cash includes approximately \$635,000 in demand deposits that exceed Federal depository insurance limits.

**8. Significant
Event**

In the normal course of preparing the Fair's accounting records, the Fair's accountant noted a discrepancy between expected and actual cash balances of approximately \$14,000. This difference was noted and management requested this discrepancy be investigated during the Fair's annual audit. Such investigation was performed during the audit, but the difference could not be located. The investigation was significantly hampered by the inability to question the accountant in charge of the Fair's records during the 2011 State Fair due to her death. Based on available information, a loss of approximately \$14,000 has been recognized in the accompanying financial statements.

**9. Fair Value
Disclosures**

The Fair utilizes fair value measurements to record certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of further cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

FASB Accounting Standards Codification Topic 820, Fair Value Measurements, establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Fair has the ability to access.

State Fair of Louisiana

Notes to Financial Statements

(Continued)

9. Fair Value Disclosures – (continued)

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions about the

Fair values of assets measured on a recurring basis at December 31, 2012 and 2011 are as follows:

Fair Value Measurements at Reporting Date Using

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>December 31, 2012</u>			
Long-term investments –			
Certificates of deposit	\$ 700,000	\$ -	\$ 700,000
Cash –			
Certificate of Deposit	100,181	-	100,181
Short-term investments –			
Certificates of deposit	200,000	-	200,000
	<u>\$1,000,181</u>	<u>\$ -</u>	<u>\$1,000,181</u>

State Fair of Louisiana

Notes to Financial Statements (Concluded)

9. Fair Value Disclosures – (continued)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>December 31, 2011</u>			
Long-term investments – Certificates of deposit	\$ 700,000	\$ -	\$ 700,000
Cash – Certificate of Deposit	100,000	-	100,000
Short-term investments – Certificates of deposit	306,192	-	306,192
Total	\$1,106,192	\$ -	\$1,106,192

Fair values for certificates of deposit are determined by reference to quoted market prices of similar deposits and other relevant information generated by market transactions.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the State Fair of Louisiana (the "Fair"), as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued my report thereon dated April 19, 2013.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the Fair's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fair's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fair's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be a material weakness. However, material weaknesses may exist that have not been identified.

PURPOSE OF REPORT

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fair's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fair's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Tara K. McChesney, CPA LLC

Certified Public Accountant

Shreveport, Louisiana
April 19, 2013

**State Fair of Louisiana
Schedule of Findings
For the Year Ended December 31, 2012**

Summary of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of the State Fair of Louisiana.
2. No material weaknesses in internal control were disclosed during the examination of the financial statements.
3. No instances of noncompliance material to the financial statements of the State Fair of Louisiana were disclosed during the examination.
4. No separate management letter was issued to the State Fair of Louisiana.
5. No illegal acts were noted.

**State Fair of Louisiana
Schedule of Prior Year Findings
For the Year Ended December 31, 2011**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action/Partial Corrective Action Taken
2011-01	2011	Internal controls over handling of cash need to be strengthened.	Yes	Dual control over receipts and deposits thereof were established and third party accountant with no connection to cash operations prepares general ledger and reconciles bank accounts.
Potential Illegal Act	2011	Alleged theft of \$14,000.	Yes	The Fair reported the allegations to the Legislative Auditor and the Caddo Parish District Attorney for further action.